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C O N F I D E N T I A L SECTION 01 OF 02 BEIJING 004560

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E.O. 12958: DECL: 03/11/2026  
TAGS: [PREL](#) [ENRG](#) [CH](#) [JA](#)  
SUBJECT: CHINESE LESS NEGATIVE THAN JAPANESE ON OUTCOME OF  
EAST CHINA SEA TALKS

REF: TOKYO 1295 (NOTAL)

Classified By: Political Minister Counselor Daniel Shields. Reasons 1.  
4 (b) and (d).

¶1. (C) Summary: In contrast to the negative Japanese assessment of the March 6-7 Japan-China East China Sea Talk reported reftel, MFA Japan Division Deputy Director Xue Jian claimed some progress had been made. China and Japan reached consensus on the principle of joint development, although both sides recognize the difficulty of agreeing on a specific plan. Complaining about media reports on the lack of progress and about strongly negative public statements by senior officials from both sides, Xue said China wants the dispute to be resolved quickly. If Japan is willing to share some of the costs incurred to date by China in developing the Chunxiao fields, there is room for further discussion. Japanese Embassy Political Counselor Suzuki said the Japanese were furious because the PRC counterproposal for joint development did not cover the disputed gas and oil fields and because the proposed southern zone was entirely in waters surrounding the Senkaku/Diaoyu Islands. He is intrigued, however, by the northern joint development zone proposed by Beijing, as a very small part may extend into the PRC side of the median-line claimed by Japan. If Japanese experts confirm this is the case, it might represent an indication of PRC flexibility, Suzuki said. End Summary.

#### Fourth Round of Talks

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¶2. (C) On March 10 MFA Japan Division Deputy Director Xue Jian briefed poloff on the March 6-7 talks (reftel) on East China Sea issues between MFA Director General for Asian Affairs Hu Zhengyao and MOFA Director General for Asian and Oceanian Affairs Kenichiro Sasae. Representatives from the PRC National Development and Reform Commission (NDRC) and Japan's Natural Resource and Energy Agency, as well as MFA and MOFA treaty and law officials, participated in this fourth round of talks. The two sides agreed to meet again as soon as possible, with the exact date to be set through diplomatic channels. Xue said the MFA is briefing the USG, and no other third country governments, on the talks because the PRC recognizes the keen U.S. interest in China-Japan relations.

#### Some Progress Made

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¶3. (C) In contrast to the negative Japanese assessment of the talks reported reftel, Xue claimed

some progress had been made during the talks. China and Japan had reached consensus on the principle of joint development, although both sides recognize the difficulty of agreeing on a specific plan. It will take time to solve the dispute, made more complicated by disagreements over the Senkaku/Diaoyu Islands and the EEZ demarcation line. Xue confirmed reports that China made a counterproposal to Japan's previous offer of jointly developing the gas fields largely on the PRC side of the Japan-proposed median line of the disputed exclusive economic zone (EEZ). Instead, China offered to jointly develop fields around the disputed Senkaku/Diaoyu Islands and fields in the northern part of the East China Sea. Xue said China would maintain its earnest and constructive attitude toward the talks.

#### Negative Press, Comments by Senior Officials

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14. (C) Complaining about media reports on the lack of progress and about strongly negative public statements by senior officials from both sides, Xue said the progress was real and China wants the dispute to be resolved quickly. According to Xue, both sides agreed at the end of the talks that it would be beneficial if information on the Chinese proposal stayed out of the press. Blaming the Japanese side for leaks and pointing out that China had kept the details of the previously proposed Japanese plan out of the press, Xue said the media reports left both sides little choice but to take strong public stances and reject the other's proposal, thus making it appear that the had talks failed.

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#### Sharing Costs of Chunxiao Development?

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15. (C) Responding to poloff's question about why China's offer did not cover the Chunxiao gas fields at the center of the dispute to date, Xue said China has been developing those fields for thirty years and it is impossible to give in to Japanese demands to halt operations. Expressing annoyance at Japan's "sudden" complaints starting two years ago, Xue said China would incur significant costs to stop and then restart operations. If Japan is willing to share some of the start-up, operational and development costs incurred to date, then there is room for further discussion. Reviewing Japan's request for subsoil data on the gas fields, Xue said the fields are four to five kilometers from the Japan-proposed demarcation line and that Chinese activities, which only cover a one-kilometer circle in the large fields, are not affecting undersea resources in the Japan-claimed area. Xue claimed Japanese experts agreed with this assessment and noted that the Chinese side became angry during the talks when Japan continued to push for the data because "there might be an effect 100 years from now."

#### Demarcation Line a Complicating Factor

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16. (C) Xue said China would never accept the median line established by Japan's domestic legislative body to demarcate the EEZ. Japan complicates the talks on joint development by EEZ-related issues in their proposals. Although treaty and law experts from both sides have joined the talks, Xue said neither side has raised the demarcation line as a specific issue during the talks.

Japanese Embassy: "Tough" Talks, Possible Flexibility

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17. (C) Japanese Embassy Political Counselor Kazuhiro Suzuki, echoing the comments of Japanese officials reported reftel, characterized the talks as "very tough," saying the Japanese had been disappointed by the PRC proposal. During a March 9 discussion, he said that the METI participants were particularly upset because Trade Minister Nikai had left Beijing after his recent visit believing that the PRC had signaled a willingness to take a softer position on the East China Sea. Suzuki noted that the MOFA participants were less surprised by the PRC position, a reversal from earlier talks where the METI representatives had far lower expectations than their MOFA colleagues. The Japanese were furious because the PRC counterproposal for joint development did not cover the disputed gas and oil fields and because the proposed southern zone was entirely in waters surrounding the Senkaku/Diaoyu Islands. The PRC is well aware that this is completely unacceptable to Japan, according to Suzuki.

18. (C) Suzuki commented that he is intrigued by the northern joint development zone proposed by Beijing, as a very small part may extend into the PRC side of the median-line claimed by Japan as the demarcation of the EEZ. Noting that Japanese experts are analyzing the PRC proposal to determine the exact location of the northern zone with respect to the median line, Suzuki commented that, if true, this might represent an indication of PRC flexibility. He added that the Japanese proposal was an opening bid that Tokyo recognizes is unacceptable to the PRC because it only covers four fields that China has already explored and taken steps to develop. Unfortunately, the PRC "overreach" on the southern zone obscured the fact that Beijing has accepted the idea of joint development, according to Suzuki, who said that this may offer the opportunity for both sides to make compromise proposals in future discussions.

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